

**Proposed Substitute
Bill No. 5560**

LCO No. 3215

**AN ACT CONCERNING PERSONAL INFORMATION, SECURITY
FREEZES ON CHILDREN'S CREDIT REPORTS, REPORTING OF
UNAUTHORIZED SIGNATURES OR ALTERATIONS BY BANKS,
MONTHLY DEBIT CARD CHARGES AND POSSESSIONS IN
REPOSSESSED VEHICLES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2016*) Any person who
2 conducts business in this state and who, in the ordinary course of such
3 person's business, owns, licenses or maintains computerized data that
4 includes credit and debit card information, shall remove such credit
5 and debit card information upon the request of a customer who no
6 longer wishes to engage in business with such person.

7 Sec. 2. Section 36a-701 of the 2016 supplement to the general statutes
8 is repealed and the following is substituted in lieu thereof (*Effective*
9 *October 1, 2016*):

10 As used in this section and section 36a-701a, as amended by this act:

11 (1) "Consumer" means any person who is utilizing or seeking credit
12 for personal, family or household purposes;

13 (2) "Credit rating agency" means credit rating agency, as defined in
14 section 36a-695;

15 (3) "Credit report" means credit report, as defined in section 36a-695;

16 (4) "Creditor" means creditor, as defined in section 36a-695;

17 (5) "Minor child" means an individual under ~~[eighteen]~~ sixteen years
18 of age at the time a request for placement of a security freeze is
19 submitted;

20 (6) "Security freeze" means a notice placed in a consumer's credit
21 report, at the request of the consumer, that prohibits the credit rating
22 agency from releasing the consumer's credit report or any information
23 from it without the express authorization of the consumer. In the case
24 of a minor child under subsections (j) and (k) of section 36a-701a, as
25 amended by this act, "security freeze" means (A) a restriction that is
26 placed on the minor child's credit report prohibiting the credit rating
27 agency from releasing the minor child's credit report or any
28 information derived from the minor child's credit report, provided a
29 credit rating agency has information in its files pertaining to such
30 minor child; or (B) a restriction that is placed on the minor child's
31 record prohibiting the credit rating agency from releasing the minor
32 child's record, provided a credit rating agency does not have any
33 information in its files pertaining to such minor child; and

34 (7) "Sufficient proof of authority" means documentation showing
35 that a parent or legal guardian has authority to act on behalf of a minor
36 child, including, but not limited to, a court order, an original copy of
37 the minor child's birth certificate or a written notarized statement
38 expressly describing the authority of the parent or legal guardian to act
39 on behalf of the minor child that is signed by the parent or legal
40 guardian and acknowledged, in accordance with the provisions of
41 chapter 6, by (A) a judge of a court of record or a family support
42 magistrate, (B) a clerk or deputy clerk of a court having a seal, (C) a
43 town clerk, (D) a notary public, (E) a justice of the peace, or (F) an
44 attorney admitted to the bar of this state.

45 Sec. 3. Section 36a-701a of the 2016 supplement to the general
46 statutes is repealed and the following is substituted in lieu thereof

47 (Effective October 1, 2016):

48 (a) Any consumer may submit a written request, by certified mail or
49 such other secure method as authorized by a credit rating agency, to a
50 credit rating agency to place a security freeze on such consumer's
51 credit report. Such credit rating agency shall place a security freeze on
52 a consumer's credit report not later than five business days after
53 receipt of such request. Not later than ten business days after placing a
54 security freeze on a consumer's credit report, such credit rating agency
55 shall send a written confirmation of such security freeze to such
56 consumer that provides the consumer with a unique personal
57 identification number or password to be used by the consumer when
58 providing authorization for the release of such consumer's report to a
59 third party or for a period of time. In the case of a minor child, a credit
60 rating agency shall not provide a unique personal identification
61 number or password when placing a security freeze.

62 (b) In the event such consumer wishes to authorize the disclosure of
63 such consumer's credit report to a third party, or for a period of time,
64 while such security freeze is in effect, such consumer shall contact such
65 credit rating agency and provide: (1) Proper identification, (2) the
66 unique personal identification number or password described in
67 subsection (a) of this section, and (3) proper information regarding the
68 third party who is to receive the credit report or the time period for
69 which the credit report shall be available. Any credit rating agency that
70 receives a request from a consumer pursuant to this section shall lift
71 such security freeze not later than three business days after receipt of
72 such request. This subsection shall not apply to a security freeze
73 applied on behalf of a minor child.

74 (c) Except for the temporary lifting of a security freeze as provided
75 in subsection (b) of this section, any security freeze authorized
76 pursuant to the provisions of this section shall remain in effect until
77 such time as such consumer requests such security freeze to be
78 removed. A credit rating agency shall remove such security freeze not
79 later than three business days after receipt of such request provided

80 such consumer provides proper identification to such credit rating
81 agency and the unique personal identification number or password
82 described in subsection (a) of this section at the time of such request
83 for removal of the security freeze. In the case of a minor child, the
84 credit rating agency shall remove such security freeze not later than
85 fifteen business days after receipt of such request.

86 (d) Any credit rating agency may develop procedures to receive and
87 process such request from a consumer to temporarily lift or remove a
88 security freeze on a credit report pursuant to subsection (b) of this
89 section. Such procedures, at a minimum, shall include, but not be
90 limited to, the ability of a consumer to send such temporary lift or
91 removal request by electronic mail, letter or facsimile.

92 (e) In the event that a third party requests access to a consumer's
93 credit report that has such a security freeze in place and such third
94 party request is made in connection with an application for credit or
95 any other use and such consumer has not authorized the disclosure of
96 such consumer's credit report to such third party, such third party may
97 deem such credit application as incomplete.

98 (f) Any credit rating agency may refuse to implement or may
99 remove such security freeze if such agency believes, in good faith, that:
100 (1) The request for a security freeze was made as part of a fraud that
101 the consumer participated in, had knowledge of, or that can be
102 demonstrated by circumstantial evidence, or (2) the consumer credit
103 report was frozen due to a material misrepresentation of fact by the
104 consumer. In the event any such credit rating agency refuses to
105 implement or removes a security freeze pursuant to this subsection,
106 such credit rating agency shall promptly notify such consumer in
107 writing of such refusal not later than five business days after such
108 refusal or, in the case of a removal of a security freeze, prior to
109 removing the freeze on the consumer's credit report.

110 (g) Nothing in this section shall be construed to prohibit disclosure
111 of a consumer's credit report to: (1) A person, or the person's
112 subsidiary, affiliate, agent or assignee with which the consumer has or,

113 prior to assignment, had an account, contract or debtor-creditor
114 relationship for the purpose of reviewing the account or collecting the
115 financial obligation owing for the account, contract or debt; (2) a
116 subsidiary, affiliate, agent, assignee or prospective assignee of a person
117 to whom access has been granted under subsection (b) of this section
118 for the purpose of facilitating the extension of credit or other
119 permissible use; (3) any person acting pursuant to a court order,
120 warrant or subpoena; (4) any person for the purpose of using such
121 credit information to prescreen as provided by the federal Fair Credit
122 Reporting Act; (5) any person for the sole purpose of providing a credit
123 file monitoring subscription service to which the consumer has
124 subscribed; (6) a credit rating agency for the sole purpose of providing
125 a consumer with a copy of his or her credit report upon the consumer's
126 request; or (7) a federal, state or local governmental entity, including a
127 law enforcement agency, or court, or their agents or assignees
128 pursuant to their statutory or regulatory duties. For purposes of this
129 subsection, "reviewing the account" includes activities related to
130 account maintenance, monitoring, credit line increases and account
131 upgrades and enhancements.

132 (h) The following persons shall not be required to place a security
133 freeze on a consumer's credit report, provided such persons shall be
134 subject to any security freeze placed on a credit report by another
135 credit rating agency: (1) A check services or fraud prevention services
136 company that reports on incidents of fraud or issues authorizations for
137 the purpose of approving or processing negotiable instruments,
138 electronic fund transfers or similar methods of payment; (2) a deposit
139 account information service company that issues reports regarding
140 account closures due to fraud, substantial overdrafts, automated teller
141 machine abuse, or similar information regarding a consumer to
142 inquiring banks or other financial institutions for use only in reviewing
143 a consumer request for a deposit account at the inquiring bank or
144 financial institution; or (3) a credit rating agency that: (A) Acts only to
145 resell credit information by assembling and merging information
146 contained in a database of one or more credit reporting agencies; and
147 (B) does not maintain a permanent database of credit information from

148 which new credit reports are produced.

149 (i) (1) Except as provided in subdivision (2) of this subsection, a
150 credit rating agency may charge a fee of not more than ten dollars to a
151 consumer for each security freeze, removal of such freeze or temporary
152 lift of such freeze for a period of time, and a fee of not more than
153 twelve dollars for a temporary lift of such freeze for a specific party.

154 (2) A credit rating agency shall not charge the fees authorized by
155 subdivision (1) of this subsection to: (A) A victim of identity theft or
156 the spouse of any victim of identity theft, who has submitted a copy of
157 a police report prepared pursuant to section 54-1n to the credit rating
158 agency; (B) any person who is covered under the victim of identity
159 theft's individual or group health insurance policy providing coverage
160 of the type specified in subdivisions (1), (2), (4), (11) and (12) of section
161 38a-469, who has submitted a copy of a police report prepared
162 pursuant to section 54-1n to the credit rating agency; (C) a person
163 sixty-two years of age or older; (D) a person under eighteen years of
164 age; (E) a person for whom a guardian or conservator has been
165 appointed by a court; and (F) a victim of domestic violence, as defined
166 in subdivision (1) of subsection (a) of section 17b-112a, who has
167 provided evidence of such domestic violence as specified in subsection
168 (b) of section 17b-112a to the credit rating agency. No credit rating
169 agency shall charge a fee to a consumer for a replacement personal
170 identification number when such replacement is the first one requested
171 by the consumer.

172 (j) The parent or legal guardian of a minor child may place a
173 security freeze on the credit report of a minor child by submitting a
174 written request to the credit rating agency in the manner described in
175 this section and subject to the same conditions and by providing the
176 credit rating agency with proper identification and sufficient proof of
177 authority to act on behalf of the minor child. The credit rating agency
178 shall place the security freeze on the credit report of a minor child not
179 later than five business days after receipt of such request. If the credit
180 rating agency does not have any information in its files pertaining to

181 the minor child at the time the credit rating agency receives a request
182 pursuant to this subsection, the credit rating agency shall create a
183 record for the minor child and place a security freeze on such record.
184 Such record shall consist of a compilation of information created by a
185 credit rating agency that identifies a minor child. A credit rating
186 agency shall not create or use such record to consider the minor child's
187 credit worthiness, credit standing, credit capacity, character, general
188 reputation, personal characteristics or mode of living. A credit rating
189 agency shall not release a minor child's credit report, any information
190 derived from a minor child's credit report or any record created for a
191 minor child.

192 (k) The parent or legal guardian of a minor child may request the
193 removal of a security freeze placed on the credit report or record of a
194 minor child by submitting a written request to the credit rating agency
195 in the manner described in this section and subject to the same
196 conditions and by providing the credit rating agency with proper
197 identification and sufficient proof of authority to act on behalf of the
198 minor child. The credit rating agency shall remove the security freeze
199 on the credit report or record of a minor child not later than fifteen
200 business days after receipt of such request.

201 (l) An insurer, as defined in section 38a-1, may deny an application
202 for insurance if an applicant has placed a security freeze on such
203 applicant's credit report and fails to authorize the disclosure of such
204 applicant's credit report to such insurer pursuant to the provisions of
205 subsection (b) of this section.

206 Sec. 4. Subsection (f) of section 42a-4-406 of the general statutes is
207 repealed and the following is substituted in lieu thereof (*Effective*
208 *October 1, 2016*):

209 (f) Without regard to care or lack of care of either the customer or
210 the bank, a customer who does not within one year after the statement
211 or items are made available to the customer pursuant to subsection (a)
212 of this section discover and report the customer's unauthorized
213 signature on or any alteration on the item is precluded from asserting

214 against the bank the unauthorized signature or alteration. If there is a
215 preclusion under this subsection, the payor bank may not recover for
216 breach of warranty under section 42a-4-208 with respect to the
217 unauthorized signature or alteration to which the preclusion applies. A
218 bank and a customer may agree to reduce the one-year time frame for
219 discovering and reporting an unauthorized signature or alteration,
220 provided such an agreement would not (1) constitute a disclaimer of
221 the bank's responsibility to act in good faith and to exercise ordinary
222 care under subsection (a) of section 42a-4-103, or (2) otherwise limit the
223 measure of damages for the lack of good faith or failure to exercise
224 ordinary care on the part of the bank.

225 Sec. 5. Section 42-460a of the general statutes is repealed and the
226 following is substituted in lieu thereof (*Effective October 1, 2016*):

227 (a) As used in this section:

228 (1) "General-use prepaid card" has the same meaning given to that
229 term in 12 CFR 1005.20(a)(3), as from time to time amended, but shall
230 not include a linked prepaid card or any card, code or other device
231 identified in 12 CFR 1005.20(b); and

232 (2) "Linked prepaid card" means a general-use prepaid card that
233 enables the purchaser of or individual who increases or reloads funds
234 onto the card, code or device (A) to receive back the remaining
235 unexpended balance and the accrued interest earned on the
236 unexpended balance on such card, code or device as of the date of
237 expiration of such card, code or device by way of a financial account
238 that is linked to the card, code or device; (B) to set the expiration date
239 on such card, code or device at not less than ninety days from the date
240 of purchase of or increasing or reloading of funds onto such card, code
241 or device, for the purpose of receiving back the unexpended balance
242 and accrued interest earned on the unexpended balance on such card,
243 code or device in an expedited manner; and (C) to transfer the
244 unexpended balance on such card, code or device to a bank offering a
245 higher yield on and full insurance from the Federal Deposit Insurance
246 Corporation for the transferred balance until the consumer or recipient

247 of such card, code or device utilizes the unexpended balance or until
248 the date of expiration on such card, code or device has passed,
249 provided such purchaser or individual has a financial account that is
250 linked to such card, code or device.

251 (b) A general-use prepaid card shall not include an expiration date
252 relative to the underlying funds that are redeemable through the use of
253 the applicable card, code or device. Notwithstanding the provisions of
254 this subsection, a general-use prepaid card may include an expiration
255 date with regard to such card, code or device, provided: (1) The
256 following disclosures are made, in writing, on such card, code or
257 device [~~: (A) That~~] and any packaging material related to such card,
258 code or device: (A) A statement, displayed with equal prominence and
259 in close proximity to the expiration date, that such card, code or device
260 expires, but that the underlying funds do not expire and that the
261 consumer may contact the issuer for a replacement card, code or
262 device; (B) a toll-free telephone number and an Internet web site
263 address, if one is maintained, that a holder of a general-use prepaid
264 card may use to obtain a comprehensive list of all charges, fees and
265 expenses to be borne by the holder of such card; and ~~[(B)]~~ (C) a toll-free
266 telephone number and an Internet web site address, if one is
267 maintained, that a holder of a general-use prepaid card may use to
268 obtain a replacement card, code or device after such card, code or
269 device expires, provided the remaining balance is not otherwise
270 returned to the holder; (2) no fee or charge is imposed on such holder
271 for replacing the card, code or device or for providing such holder
272 with the remaining balance in some other manner, provided the card,
273 code or device has not been lost or stolen; and (3) the seller of the card,
274 code or device has established policies and procedures to provide
275 consumers a reasonable opportunity to purchase a card, code or device
276 that has not less than five years remaining until the card, code or
277 device expires.

278 (c) A linked prepaid card shall not include an expiration date
279 relative to the underlying funds that are redeemable through the use of
280 the applicable card, code or device. Notwithstanding the provisions of

281 this subsection, a linked prepaid card may include an expiration date
282 with regard to such card, code or device, including an expiration date
283 contemplated by subparagraph (B) of subdivision (2) of subsection (a)
284 of this section, provided: (1) The following disclosures are made, in
285 writing, on such card, code or device [:(A) That] and any packaging
286 material related to such card, code or device: (A) A statement,
287 disclosed with equal prominence and in close proximity to the
288 expiration date, that such card, code or device expires, but that the
289 underlying funds do not expire, provided the purchaser of or
290 individual who increases or reloads funds onto such card, code or
291 device has not set an expiration date in accordance with said
292 subparagraph (B), and that the consumer may contact the issuer for a
293 replacement card, code or device; (B) a toll-free telephone number and
294 an Internet web site address, if one is maintained, that a holder of a
295 linked prepaid card may use to obtain a comprehensive list of all
296 charges, fees and expenses to be borne by the holder of such card; and
297 [(B)] (C) a toll-free telephone number and an Internet web site address,
298 if one is maintained, that a holder of a general-use prepaid card may
299 use to obtain a replacement card, code or device after such card, code
300 or device expires, provided the purchaser of or individual who
301 increases or reloads funds onto such card, code or device has not set an
302 expiration date in accordance with said subparagraph (B); (2) no fee or
303 charge is imposed on such holder for replacing the card, code or device
304 or providing such holder with the remaining balance in some other
305 manner, provided the card, code or device has not been lost or stolen
306 or, if an expiration date has been set in accordance with said
307 subparagraph (B), expired; (3) no fee or charge is imposed on the
308 purchaser of or individual who increases or reloads funds onto the
309 card, code or device for replacing the card, code or device or providing
310 such purchaser or individual with the unexpended balance in some
311 other manner, provided the card, code or device has not been lost or
312 stolen; and (4) the seller of the card, code or device has established
313 policies and procedures to provide consumers a reasonable
314 opportunity to purchase a card, code or device that has not less than
315 five years remaining until the card, code or device expires, unless the

316 purchaser of or individual who increases or reloads funds onto such
317 card, code or device has a financial account that is linked to such card,
318 code or device and sets an expiration date on such card, code or device
319 at not less than ninety days from the date of purchase or increasing or
320 reloading at which time the unexpended balance and any accrued
321 interest on the unexpended balance on such card, code or device shall
322 be transferred to such financial account.

323 (d) For purposes of complying with the disclosure requirements of
324 subdivision (1) of subsections (b) and (c) of this section, [(1)] the issuer
325 of a general-use prepaid card or a linked prepaid card may provide
326 disclosures that are consistent with the applicable provisions of 12 CFR
327 1005.20(e), as from time to time amended. [, and (2) such issuer shall
328 make the disclosure required under subparagraph (A) of subdivision
329 (1) of subsections (b) and (c) of this section with equal prominence and
330 in close proximity to the expiration date on the applicable card, code or
331 device.]

332 Sec. 6. Subsections (b) and (c) of section 36a-785 of the 2016
333 supplement to the general statutes are repealed and the following is
334 substituted in lieu thereof (*Effective October 1, 2016*):

335 (b) Not less than ten days prior to the retaking, the holder of such
336 contract, if he so desires, may serve upon the retail buyer, personally
337 or by registered or certified mail, a notice of intention to retake the
338 goods on account of the buyer's default. The notice shall state the
339 default and the period at the end of which such goods will be retaken,
340 and shall briefly and clearly state what the retail buyer's rights under
341 this subsection will be in case such goods are retaken. In the case of
342 repossession of any motor vehicle, the notice shall inform the retail
343 buyer that he or she is responsible for removing all of his or her
344 personal property from the motor vehicle prior to the date of such
345 repossession. If the notice is so served and the buyer does not perform
346 the conditions and provisions as to which he is in default before the
347 day set for retaking, the holder of the contract may retake said goods
348 and hold such subject to the provisions of subsections (d), (e), (f), (g)

349 and (h) of this section regarding resale, but without any right of
350 redemption.

351 (c) If the holder of such contract does not give the notice of intention
352 to retake, described in subsection (b), he shall retain such goods for
353 fifteen days after the retaking within the state in which they were
354 located when retaken. During such period the retail buyer, upon
355 payment or tender of the unaccelerated amount due under such
356 contract at the time of retaking and interest, or upon performance or
357 tender of performance of such other condition as may be named in
358 such contract as precedent to the retail buyer's continued possession of
359 such goods, or upon performance or tender of performance of any
360 other promise for the breach of which such goods were retaken, and
361 upon payment of the actual and reasonable expenses of any retaking
362 and storing, may redeem such goods and become entitled to take
363 possession of the same and to continue in the performance of such
364 contract as if no default had occurred. The holder of such contract shall
365 within three days of the retaking furnish or mail, by registered or
366 certified mail, to the last known address of the buyer a written
367 statement [of] indicating (1) the unaccelerated sum due under such
368 contract and the actual and reasonable expense of any retaking and
369 storing, and (2) in the case of repossession of any motor vehicle, (A)
370 that the buyer is responsible for removing all of his or her personal
371 property from the motor vehicle, at no cost to the buyer, not later than
372 fifteen days after the date on which the motor vehicle was repossessed,
373 and (B) the date on which the motor vehicle can be accessed for the
374 removal of such property. Nothing in this subsection shall be deemed
375 to limit the rights a retail buyer otherwise might have to remove
376 personal property from the motor vehicle. For failure to furnish or mail
377 such statement as required by this section, the holder of the contract
378 shall forfeit the right to claim payment for the actual and reasonable
379 expenses of retaking and storage, and also shall be liable for the actual
380 damages suffered because of such failure. If such goods are perishable
381 so that retention for fifteen days as herein prescribed would result in
382 their destruction or substantial injury, the provisions of this subsection
383 shall not apply and the holder of the contract may resell the goods

384 immediately upon such retaking.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2016</i>	New section
Sec. 2	<i>October 1, 2016</i>	36a-701
Sec. 3	<i>October 1, 2016</i>	36a-701a
Sec. 4	<i>October 1, 2016</i>	42a-4-406(f)
Sec. 5	<i>October 1, 2016</i>	42-460a
Sec. 6	<i>October 1, 2016</i>	36a-785(b) and (c)